

No. 10/10/DASP

Jakarta, 5 March 2008

CIRCULAR LETTER

to

PARTICIPANTS OF THE BANK INDONESIA REAL TIME GROSS

SETTLEMENT SYSTEM

IN INDONESIA

Subject : Transaction Processing in the Bank Indonesia Real Time Gross Settlement System (BI-RTGS System) as concerns Protection for Customers of BI-RTGS System Participants

In reference to the promulgation of Bank Indonesia Regulation Number 10/6/PBI/2008 dated 18 February 2008 concerning the Bank Indonesia Real Time Gross Settlement System (State Gazette of the Republic of Indonesia Number 32 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4820), it is necessary to stipulate further the procedures for transaction processing in the Bank Indonesia Real Time Gross Settlement System (BI-RTGS System) as concerns protection of the customers of BI-RTGS System Participants as follows:

A. General Provisions

The terminology used in this Circular Letter of Bank Indonesia has the following meanings:

1. “Bank Indonesia-Real Time Gross Settlement System,” hereinafter

referred ...

referred to as “BI-RTGS System,” means a system for electronic funds transfer among Participants in the rupiah currency with settlement processed in real time on an individual per transaction basis.

2. “BI-RTGS System Operator”, hereinafter referred to as “Operator,” means Bank Indonesia, represented by the Directorate of Accounting and Payment System (DASP).
3. “BI-RTGS System Participant,” hereinafter referred to as “Participant,” means a bank and a non-bank party meeting the requirements stipulated by the Operator, in addition to Bank Indonesia.
4. “Settlement Account” means an account held by the Participants in the rupiah currency, administered at Bank Indonesia and used for settlement of transactions.
5. “Settlement” is the activity of debiting and crediting the Settlement Accounts of Participants at Bank Indonesia.

B. Procedure for Entering Transfer Instructions

1. The sending participant must require its customer to fill in complete and accurate transfer instructions and observe the applicable regulations, including but not limited to anti-money laundering regulations and know your customer principles.
2. Transfer instructions prepared by a sending customer shall state at least the following:
 - a. identity of the sending customer;
 - b. identity of the funds beneficiary customer;
 - c. identity...

- c. identity of the beneficiary Member; and
 - d. amount of funds transferred.
- 3. The identity of the sending customer and beneficiary customer as referred to in item 2.a and item 2.b shall include at least the name and account number or, if the sending customer or beneficiary customer is not an account holder with a Participant bank, the identity shall include at least name and address.
- 4. The identify of the receiving Participant as referred to in item 2.c shall include at least the name of the Participant, name of the Participant office and Participant office location.

C. Processing of Transfer Instructions from Sending Participant Customers

- 1. The sending Participant may approve the forwarding of the customer transfer instructions through the BI-RTGS System if the transfer instructions contain complete information and are correctly filled and funds are available for the transfer.
- 2. A transfer instruction forwarded by a sending Participant as referred to in number 1 must match the transfer instruction placed by the customer.
- 3. If a sending Participant approves the processing of a transfer instruction from its customer as referred to in number 1, the following rules shall apply:
 - a. For transfer instructions received no later than the end of customer service hours for transfers through the BI-RTGS System, as determined by the sending Participant, the sending Participant must

immediately ...

immediately and without delay forward the transfer instruction.

- b. in the case of transfer instructions from customers received after customer service hours as referred to in letter a, the sending Participant must forward the transfer instructions immediately and without delay on the following working day after successfully logging in to the RCC, while considering the settlement of other higher priority transactions such as bank transactions with the State Treasury Office and cash withdrawal transactions.
4. In the case of the condition referred to in item 3.b, the account of the sending customer must be debited on the same date as the date of forwarding of the transfer instructions by the sending Participant.
5. If the sending Participant does not process the transfer instruction from the customer according to the rules referred to in item 3 and item 4, and the sending Participant has debited the account of the customer:
 - a. the customer of the Participant shall be entitled to interest the prevailing rate for the account held by the sending customer at the sending Participant commencing from the date of debiting of the sending participant customer account until the date of forwarding of the transfer instructions. The sending Participant must fully respect these customer rights; or
 - b. The sending Participant must perform a reversal, i.e. recredit the customer funds previously debited from the customer account as per the date of debit.

6. The provision ...

6. The provision referred to in number 5 shall not apply to transfers originating from cash deposits.
7. Transfer instructions received by a Participant with orders for execution on a certain date (warehouse transactions) must be forwarded by the sending Participant on the same date as the date ordered by the customer.

D. Accurate Match in Entering Transfer Instructions

1. The sending Participant is responsible to ensure the accurate matching of transfer instructions entered for transmission through the BI-RTGS System with the instructions made out by the sending customer.
2. If the sending Participant sends transfer instructions not matching the transfer instructions made out by the sending customer, the sending Participant must issue new transfer instructions matching the transfer instructions of the sending customer at the expense of the sending Participant without waiting for refund from the beneficiary Participant or beneficiary customer in error, in keeping with the procedure stipulated in the Bank Indonesia regulatory provisions concerning the operation of the BI-RTGS System.
3. New transfer instructions as referred to in number 2 must be issued:
 - a. on the same date as the date at which the discrepancy is discovered as referred to in number 2, if the discrepancy is discovered no later than 30 (thirty) minutes before the end of window time for that type of transaction; or
 - b. no later ...

- b. no later than on the subsequent working day, subject to the provision that the new transfer instructions shall be issued immediately and without delay after the Participant has successfully logged on to the RCC, while considering the settlement of other higher priority transactions, if the discrepancy is discovered after the deadline referred to in letter a.
4. In the event of the condition referred to in number 3, the customer of the sending Participant shall be entitled to interest at the prevailing rate for the Participant customer account charged against the relevant transfer, calculated from the date of debiting of the account of the Participant customer until the date of execution of the new transfer instructions. The sending Member must fully respect these customer rights.
5. If the sending Participant has implemented the provisions referred to in number 2, the funds sent in error may be reclaimed by the sending Participant from the beneficiary Participant.

E. Funds Delivery to Customers of Beneficiary Participant

1. The beneficiary Participant shall deliver the funds to the funds beneficiary customer as stated in the confirmation advice received, subject to the applicable regulations, including but not limited to the regulations governing money laundering and know your customer principles, and limits on rupiah transactions and foreign currency lending by banks. The confirmation advice is a computer printout printed at the beneficiary Participant indicating credit made to the

Settlement Account of the beneficiary Participant at Bank Indonesia.

2. The beneficiary Participant shall credit the funds in favour of the funds beneficiary customer immediately after the Operator has credited the Settlement Account of the beneficiary Participant at Bank Indonesia, as proven by the confirmation advice, subject to the following provisions:
 - a. Transfer in favour of a funds beneficiary customer holding an account at a beneficiary Participant office:
 - 1) for funds credited to the Settlement Account of the beneficiary Participant at Bank Indonesia within the deadline for settlement of transfers in favour of customers, the beneficiary Participant must immediately and without delay credit the funds to the beneficiary customer account at the same value date as the date of crediting the Settlement Account of the beneficiary Participant at Bank Indonesia.
 - 2) If the beneficiary Participant does not credit funds to the beneficiary customer at the same value date as referred to in number 1), then no later than the following working day the beneficiary Participant shall immediately and without delay credit the funds to the beneficiary customer account after the Participant has successfully logged on to the RCC, applying the same value date as the date of crediting to the Settlement Account of the beneficiary Participant at Bank Indonesia.
- Acceptable reason for not crediting a beneficiary account on

the same ...

the same value date includes but is not limited to lack of integrated information technology system at the beneficiary Participant and/or the beneficiary Participant office is located in a region without adequate communications and transportation.

- 3) If the internal system of the beneficiary Participant does not enable the beneficiary Participant to credit the funds on the following working day at the same value date as the crediting of the Settlement Account of the beneficiary Participant as referred to in number 2), the beneficiary customer shall be entitled to interest at the prevailing rate for the account held by the customer at the beneficiary Participant commencing from the date of crediting of the beneficiary Participant Settlement Account to the date of crediting the account of the beneficiary customer. The beneficiary Participant must fully respect these customer rights.
- 4) For funds credited to the Settlement Account of the beneficiary Participant at Bank Indonesia after the expiration of the deadline for settlement of transfers in favour of customers or during any extension of settlement for transfers in favour of customers as prescribed by the Operator, the beneficiary Participant must immediately and without delay credit the funds to the account of the beneficiary customer on

the following ...

the following working day after successfully logging on to the RCC, using the value data of 1 (one) day after the date of crediting of the beneficiary Participant Settlement Account at Bank Indonesia.

- 5) If the beneficiary Participant does not credit the funds to the account of the beneficiary customer on the following working day as referred to in number 2) and number 4), the beneficiary Participant must pay compensation to the beneficiary customer at the prevailing rate for the account held plus a compensatory rate at 200 (two hundred) basis points, subject to the following provisions:
 - a) for late crediting as referred to in number 2), interest compensation shall be calculated from the value date of crediting to the Settlement Account of the beneficiary Participant at Bank Indonesia.
 - b) for late crediting as referred to in number 4), interest compensation shall be calculated from 1 (one) day after the value date of crediting to the Settlement Account of the beneficiary Participant at Bank Indonesia.
- 6) The requirement for payment of additional compensation as referred to in number 5) shall not apply if a beneficiary Participant postpones crediting by request of a competent authority or to comply with applicable regulations.

“Competent ...

"Competent authority" includes but is not limited to the police, prosecutor's office, and the courts. "Applicable regulations" include but not limited to the Bank Indonesia regulation concerning know your customer principles, the Bank Indonesia regulation concerning restrictions on rupiah transactions and foreign currency lending by banks, and the Act of the Republic of Indonesia concerning Money Laundering, specifically in regard to monitoring of suspicious transactions.

b. Transfer in favour of a funds beneficiary customer not holding an account at the beneficiary Participant:

1) The beneficiary Participant must send a letter to inform the beneficiary customer of availability of the transferred funds on the same date as the date of crediting of the Settlement Account of the beneficiary Participant at Bank Indonesia or no later than the following working day. This letter of notification shall constitute the basis for the beneficiary to collect funds at the beneficiary Participant office. The notification shall be delivered on the following working day if the beneficiary Participant office is closed or the crediting of the Settlement Account of the beneficiary Participant takes place during an extension of Operating Hours.

2) if based on certain considerations the beneficiary Participant

is unable ...

is unable to send a letter of notification within the time referred to in number 1), the notification must be sent on the date that the transfer information is received by the office of the beneficiary Participant or no later than the following working day. Delivery of the notification on the date that the transfer information is received at the office of the beneficiary Participant or no later than the following working day shall apply if the office of the beneficiary Participant is located in an area with poor communications and transportation.

3. If the sending Participant has executed transfer instructions in accordance with the transfer instructions from the sending customer but the beneficiary Participant has credited the funds to a beneficiary customer different from the funds beneficiary customer stated in the confirmation advice, the beneficiary Participant must credit funds in favour of the rightful funds beneficiary customer on the same date as the discovery of error, without waiting for return of funds from the customer. Date of discovery of error means:
 - a. if the error is discovered by the beneficiary Participant, the same date as the date at which the error is discovered.
 - b. if the error is notified by the sending Participant, the date at which the beneficiary Participant completed verification and reconciliation of the documents relevant to the funds transfer.

4. In the event ...

4. In the event of the condition referred to in number 3, the beneficiary Participant shall pay interest to the rightful beneficiary customer at the prevailing rate for the account held by the beneficiary customer commencing from the date that the account of the rightful beneficiary customer should have been credited in accordance with the provisions in number 2 until the date of crediting of the account of that rightful beneficiary customer.
5. The provisions referred to in numbers 3 and 4 shall apply only for transfer in favour of a beneficiary customer holding an account at the beneficiary Participant.

F. Posting of Transfer Fees and Customer Service Hours for Transfers through the BI-RTGS System

Participant must post information in writing at each Participant office on the transfer fees and customer service hours for transfers through the BI-RTGS System as determined by that Participant. The information on the transfer fees and customer service hours for transfers through the BI-RTGS System shall be posted at each Participant office so as to be conspicuously visible to customers.

In setting customer service hours for transfers through the BI-RTGS System, the Participant must refer to the settlement deadline prescribed by the Operator for transfers in favour of customer accounts and consider the time required by the Participant for completion of the process for forwarding customer transfer instructions.

G. Calculation ...

G. Calculation of Interest and Compensation.

The procedure for calculating interest and compensation is stipulated in an Appendix to this Circular Letter.

H. Miscellaneous Provisions

1. The obligation of Participant to pay interest and compensation as prescribed in this Circular Letter shall not apply to Bank Indonesia acting in the capacity of Participant.
2. For Sharia-compliant banks and Sharia divisions, the imposition of interest and compensation as prescribed in this Circular Letter shall be adjusted to the applicable Sharia principles.

I. Concluding Provisions

The provisions in this Circular Letter shall come into force on 31 March 2008.

For the public to be informed, it is ordered that this Circular Letter be promulgated in the State Gazette of the Republic of Indonesia.

Kindly be informed.

BANK INDONESIA,

DYAH N.K. MAKHIJANI

DIRECTOR OF ACCOUNTING
AND PAYMENT SYSTEM